

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 IO-13 AID-05 CIAE-00 COME-00

EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

XMB-02 OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01

AGRE-00 FEAE-00 DODE-00 NSC-05 SS-15 STR-04

CEA-01 L-03 DOTE-00 /108 W

-----065763 251705Z /46

R 251220Z JUL 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 2477

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY BAMAKO

AMEMBASSY BISSAU

AMEMBASSY BRUSSELS

AMEMBASSY CONAKRY

AMEMBASSY COTONOU

AMEMBASSY DAKAR

AMEMBASSY FREETOWN

AMEMBASSY LOME

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY NIAMEY

AMEMBASSY NOUAKCHOTT

AMEMBASSY OUAGADOUGOU

AMEMBASSY PARIS

USUN NEW YORK 2386

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E.O. 11652: N/A

TAGS: ECIN, EGEN, ETRD, XY, US

SUBJECT: ECOWAS

REF: A) STATE 134253, B) STATE 159681, C) LAGOS 5873

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RESPONSES ARE KEYED TO QUESTIONS POSED IN PARA 2 OF REFTTEL B.

A. NIGERIA IS FIRMLY COMMITTED TO ECOWAS AND HAS ALL ALONG DEVOTED CONSIDERABLE TIME AND RESOURCES TO SEEING ECOWAS ESTABLISHED. (FOR EXAMPLE, ON JULY 19 IT WAS ANNOUNCED THAT NAIRA 500,000 AND INFRA-STRUCTURAL FACILITIES HAVE JUST BEEN PROVIDED BY THE FEDERAL GOVT

OF NIGERIA TO HELP THE ECOWAS SECRETARIAT GET STATED.) NIGERIA POTENTIALLY HAS MUCH TO GAIN FROM ECOWAS AND CAN AFFORD TO DIVERT RESOURCES AND MANPOWER TO ECOWAS IF THE POLITICAL COMMITMENT REMAINS FIRM. EMBASSY HAS NO REASON TO EXPECT COMMITMENT TO DECREASE IN THE FORESEEABLE FUTURE.

B. FMG DOES NOT APPEAR CONCERNED ABOUT COMPETITION BETWEEN CEAO AND ECOWAS. IT BELIEVES CEAO AND ECOWAS CAN OPERATE SIDE BY SIDE OVER THE MEDIUM TERM. HOWEVER, A FULLY OPERATIVE ECOWAS WOULD MAKE CEAO REDUNDANT IN THE LONG RUN. FMG THEREFORE EXPECTS CEAO TO WITHER AWAY EVENTUALLY. (SEE REFTEL C.)

C. AT PRESENT AN EFFICIENT PAYMENT MECHANISM DOES NOT APPEAR A MAJOR PROBLEM IN VIEW OF EFFORTS TO DEVISE A PAYMENT MECHANISM AND CONSIDERING THE ROLE IN WHICH THE WEST AFRICANSCLEARING HOUSE CAN POTENTIALLY PLAY.

D. AT PRESENT TELECOMMUNICATIONS AND TRANSPORTATION LINKS BETWEEN NIGERIA AND OTHER ECOWAS NATIONS ARE AT BEST RUDIMENTARY. ALL FORMS OF TRANSPORT AND COMMUNICATION WILL NEED VAST IMPROVEMENT, AND SUCH EFFORTS WILL UNDOUBTEDLY TAKE CONSIDERABLE TIME, EFFORT AND RESOURCES. MINISTERIAL COUNCIL OF ECOWAS PRESENTLY MEETING IN LAGOS UNANIMOUSLY APPROVED A RECOMMENDATION CALLING FOR THE ESTABLISHMENT OF A RELIABLE AND EFFICIENT TELECOMMUNICATIONS NETWORK. ALTHOUGH SUCH RECOMMENDATIONS ARE JUST WORDS, THEY CONSTITUTE APPROVAL FOR THE EXPENDITURE OF FUNDS ON STUDIES INTO THE PROBLEMS OF COMMUNICALIMITED OFFICIAL USE

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TIONS AND TRANSPORT WHICH MAY EVENTUALLY LEAD TO A COMPREHENSIVE APPROVAH TO SOLVING THESE PROBLEMS WITHIN ECOWAS.

E. NIGERIA'S TRADE STRUCTURE IS BOTH COMPETITIVE AND COMPLIMENTARY WITH OTHER ECOWAS COUNTRIES. MOST AGRICULTURAL AND MANUFACTURED GOODS ARE COMPETITIVE WITH THE AGRICULTURALSAND MANUFACTURED PRODUCTS OF OTHER ECOWAS COUNTRIES, BUT NIGERIA IS THE ONLY OIL PRODUCER AND COULD LOGICALLY SUPPLY ECOWAS OIL NEEDS.

F. GIVEN THE PACE OFSNIGERIA'S DEVELOPMENT RELATIVE TO OTHER ECOWAS COUNTRIES AND THE CONTINUEDSEFFECT OF OIL REVENUES ON ITS ECONOMY, IT IS REASONABLE TO EXPECT NIGERIA'S ECONOMY TO OUTPACE THAT OF OTHER ECOWAS COUNTRIES. LONG RUN EFFECT WILL BE A MOVE TO HEVY INDUSTRY BY NIGERIA ENABLING HER TO TAKE ON A MORE COMPLIMENTARY THAN COMPETITIVE ROLE

G. YES.

H. REVENUE IN NIGERIA IS LARGELY DERIVED FROM OIL IN THE FORM OF ROYALTIES, RENTS, AND FEES ON MINING, INSTHE FORM OF DIRECT TAXES (THESPETROLEUM PROFIT TAX) AND IN THE FORM OF EXCISE TAXES. TOTAL IMPORT/EXPORT DUTIES ACCOUNT FOR ONLY APPROXIMATELY 14.5 PERCENT OF

TOTAL FMG ANNUAL REVENUE.

I. GIVEN THE SMALL PERCENTAGE OF REVENUE DERIVED FROM EXPORT/
IMPORT DUTIES, IT IS LIKELY THAT THE FUND COULD COMPENSATE NIGERIA
FOR LOST REVENUES, BUT THE ADEQUACY OF THE FUND WILL DEPEND ON THE
TOTAL RESOURCES SUPPLIED BY MEMBER STATES AND TOTAL DEMAND UPON
THAT FUND.

J. IN SPITE OF OFFICIAL OPTIMISM BY FMG PERSONS EXPERIENCED
IN AFRICAN MULTILATERAL ORGANIZATIONS FEELS CHANCES OF
TOTAL SUCCESS ARE NOT GOOD. ON BALANCE, CHANCES ARE PROBABLY 50-50
OF ACHIEVING GOALS ON SCHEDULE.

K. YES.
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L. POTENTIALLY.
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